

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



November 14, 2017

David Braam, Board Chair
Fannie Battle Day Home for Children, Inc.
108 Chapel Ave.
Nashville, TN 37206

Dear Mr. Braam:

Please find attached the Monitoring Report of the Fannie Battle Day Home for Children, Inc. relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2017.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Community Enhancement Funds, from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability conducted the review on October 2, 2017.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-862-6712.

Sincerely,

Kevin Brown

Kevin Brown, CMFO, CICA, CFE
Finance Administrator

cc: Melanie Shinbaum, Executive Director, Fannie Battle Day Home for Children
Talia Lomax-O'dneal, Director of Finance, Department of Finance
Gene Nolan, Deputy Director of Finance, Department of Finance

Kim McDoniel, Deputy Director of Finance, Department of Finance
Phil Carr, Chief of Accounts, Department of Finance
Tony Neumaier, Budget Officer, Department of Finance
Mark Swann, Metropolitan Auditor, Office of Internal Audit
Fred Adom, CPA, CGMA, CICA, Director, Office of Financial Accountability
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability
Matthew Fouad, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

Fannie Battle Day Home for Children, Inc.

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

November 14, 2017

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Fannie Battle Day Home for Children. A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Fannie Battle Day Home for Children or any of its component units. The OFA is responsible for the internal monitoring of Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”) agencies that receive federal and state financial assistance, including cooperative agreements and non-profit organizations that receive appropriations and Community Enhancement Funds from Metro government. In summary, any agreement(s) that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

The purpose of this review was to assess the agency’s compliance with contractual requirements set forth in the following contract with Metro Government:

Contract	Type	Amount	Contact Term	
L-3615	Community Enhancement Funds	\$51,000	July 1, 2016	June 30, 2017

Agency Background

Fannie Battle Day Home for Children is a not-for-profit year-round childcare center whose mission is to continue the tradition established in 1891 by its founder, Miss Fannie Battle: “to provide affordably high-quality child care for at-risk children in a nurturing environment, while empowering families to reach their potential”. Fannie Battle received a three star rating from the State of Tennessee. The agency’s Day Home offers Infant/Toddler, Preschool, Pre-K and School Age Programs to children ages 6 weeks to 12 years. Fees are set on a sliding scale according to income and parents are required to be working, in school or in a job training program.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our review were:

- 1) To determine whether the agency had the resources and capacity to administer the grant funds.
- 2) To determine if costs and services were allowable and eligible.
- 3) To verify that program objectives were met.
- 4) To test the reliability of the financial and programmatic reporting.
- 5) To verify contractual compliance.

The scope of our review was limited to the contract term July 1, 2016 through June 30, 2017.

The monitoring review procedures included meeting with agency management and staff, reviewing board minutes and obtaining written representations from management. In addition, we examined certain financial records and supporting documentation necessary to ensure compliance with contractual requirements set forth in contract L-3615. Specific procedures included:

- Interviewing the employees responsible for grant management, financial reporting, and accountability.
- Reviewing supporting documentation of expenditures for allowability, necessity and reasonableness.
- Reviewing the agency's general ledger and verifying the accuracy of all invoices submitted to Metro.
- Reviewing documentation to determine that funds were used for intended beneficiaries and expended in accordance with the spending plan of the contract.
- Reviewing documentation to support program activities for consistency with grant requirements.
- Assessing the financial stability of the agency and its ability to continue to administer the grant program funded by Metro.

RESULTS OF REVIEW

SUMMARY OF RESULTS

Criteria	Yes	No
Sufficient Resources and Capacity to Administer Funds?	✓	
Costs and Services Allowable and Eligible?	✓	
Program Objectives Met?		✓
Reporting Requirements Met?	✓	
Compliance with Civil Rights Requirements?	✓	

RESULTS OF REVIEW

The overall results of the monitoring review are provided in this section. Results are based on testwork performed and include conclusions regarding specific review objectives and, if applicable, recommendations for improvement and an action plan for implementation. Where applicable, the Findings and Recommendations section of this report provides more insight into any issues identified below.

1. Sufficient Resources and Capacity to Administer Grant Funds

Our review of the agency's accounting system and the qualifications of the individuals assigned to manage the accounting records indicate that the agency possesses the necessary resources and professional expertise to effectively administer the grant funds.

2. Allowable and Eligible Costs and Services

Our review covered all of the core compliance areas identified by 2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Additionally, the Metro Grants Manual requires separate accounting of the Metropolitan Nashville Government grant funds to prevent co-mingling of Metro Funds with other sources of funding. The agency was in compliance with this requirement. Different revenue classes as well as expenditure classes have been established to separately track the sources and amounts of funding. Also, the agency can easily and accurately report their expenses supported by the Metro grant.

Based on our test work, costs and services during the period were allowable and eligible.

3. Program and Performance Objectives

The contract stipulates that the agency shall use the funds to provide the following outcomes:

RESULTS OF REVIEW

1. Provide afterschool program services for at least 68 unduplicated children ages 5 to 12.
2. 80% of the children will make gains on reading benchmark levels based on first quarter report cards and the last quarter report cards received for each academic year.
3. 100% of the children will participate in enrichment programming (arts, music, physical fitness and health education) throughout the academic year and during summer programming.
4. 100% of children will participate in tutoring and homework program throughout the academic year and during summer programming.

Based on our review of program documentation and discussions with staff, program performance objective #2 was not met and the agency not was in compliance with the contractual program objective. See Finding 1 in the Findings and Recommendation sections for more details.

4. Reliability of Financial and Programmatic Reporting

The contract requires submission of an annual audit report performed by a Certified Public Accountant. The contract also requires the agency to submit to Metro year end reports of the program outcomes and a final expenditures report, no more than 45 days after the close of the contract.

We reviewed all applicable financial and programmatic reports required by the contract, including audited financial statements. Based on our review, the agency complied with all financial and programmatic reporting requirements.

5. Civil Rights Requirements

Our review did not reveal anything to indicate that the agency was noncompliant with civil rights requirements. The agency also has necessary written policies and procedures relating to civil rights. The agency has not received any complaints regarding any form of discrimination. Further, civil rights and ADA postings are publicly displayed.

FINDINGS AND RECOMMENDATIONS

1. Program Performance Goal Not Met

Finding

Fannie Battle Day Home of Children failed to meet contractual Objective # 2 as stated in the contract. Per the scope of services, “80% of the children will make gains on reading benchmark levels based on first quarter report cards and the last quarter report cards received for each academic year.” Based on the documentation provided, the OFA determined that 71% of the children, not the required 80%, made gains on their reading benchmark levels during the academic year.

Recommendation:

Management should take the necessary steps to ensure that program objectives are met and documentation to support program outcomes are maintained for review. Management should further review their objectives to make sure they are reasonable and obtainable.

Corrective Action Plan Required

Please submit a corrective action plan indicating the actions the agency intends to take to correct the findings identified in this report. The corrective action plan should be submitted within 14 days from the report date to the address below:

Division of Grants Coordination
PO Box 196300
Nashville, TN 37219
ATTN: Vaughn Wilson